

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (CHFFA)

FUNDING SUMMARY

Applicant:	Mayers Memorial Hospital District (“Mayers”)	Amount Requested:	Not to exceed \$510,000
Applicant Address:	43563 Hwy 299E Fall River Mills, CA 96028 Shasta County	Resolution Number:	2008-17
Date Requested:	July 31, 2008	Loan Term:	No later than 45 days following the adoption of a 2008-2009 budget by the State of California

Background of Financing:	Many rural hospitals are facing unanticipated and staggering financial burdens associated with the anticipated State budget impasse and delayed Medi-Cal reimbursements; hence they are not receiving their regular Medi-Cal reimbursements. Consequently, Mayers is seeking funding to bridge this financial gap in order to finance vital health services for its communities.
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Purpose:	Loan proceeds will be used to offset Medi-Cal reimbursements delays due to the State’s budget impasse.
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Financial Overview:	Based on the most recent audited financial statements, Mayers’ unrestricted net assets from FY 2005 to FY 2007 appear to have continued to decrease due to operating losses over the same period. Additionally, Mayers appears to not meet CHFFA’s minimum requirements for debt service coverage of 1.10X with an actual ratio of 0.06X. Mayers’ management reported improved performance during the interim period for 2008 due to new management plans to restore Mayers’ financial health. This funding is expected to facilitate Mayers’ daily operations until the State budget passes.
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Financing Structure:	<ul style="list-style-type: none">▪ The aggregate loan balance shall be repaid in full no later than 45 days following the adoption of a 2008-2009 budget by the State of California.▪ Loan proceeds are to be disbursed on an as-needed basis in a total amount not to exceed the hospital’s third-party-approved Medi-Cal claim.▪ Loan origination fee of 1.25%.▪ Possible reduction of the Authority’s fixed interest rate of 3%.▪ Lien on gross revenues.
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Due Diligence:	Due diligence of the following items has been completed or will be completed prior to closing: <ul style="list-style-type: none">▪ Religious Due Diligence▪ Legal Review▪ Community Service Obligation▪ CEQA/Seismic/Pass through (Not required)
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Staff Recommendation:	Staff recommends the Authority approve a Resolution in an amount not to exceed \$510,000 for Mayers Memorial Hospital District subject to financing terms acceptable to the Authority.
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Mayers Memorial Hospital District
Statement of Activities
 Unrestricted

	For the Year Ended June 30,		
	2007	2006	2005
Revenue and support:			
Net patient service revenue	\$14,235,165	\$14,906,557	\$14,268,510
Tax revenue	520,364	587,075	492,366
Interest income	38,324	24,665	15,311
Other income	186,351	130,273	144,286
Other revenues	523,038	715,132	651,235
Total revenue and support	15,503,242	16,363,702	15,571,708
Expenses:			
Salaries and wages	5,450,834	5,956,738	5,930,387
Employee benefits	2,370,413	2,939,976	2,977,793
Professional fees	1,576,514	1,399,565	1,196,488
Supplies	2,269,046	2,255,244	2,081,285
Purchased services	2,291,584	1,801,722	1,050,143
Repairs and maintenance	95,928	101,094	91,379
Depreciation and Amortization	587,334	593,010	635,706
Rents and leases	367,897	309,505	257,107
Utilities	391,004	412,281	387,059
Insurance	177,296	178,092	126,421
Interest expense	550,728	529,290	508,438
Other	416,201	339,513	265,035
Total expenses	16,544,779	16,816,030	15,507,241
Change in unrestricted net assets	(1,041,537)	(452,328)	64,467
Unrestricted net assets, beginning of year	1,372,928	1,850,747	2,006,180
SB 855 disproportionate share repayment	-	(25,491)	(219,900)
Unrestricted net assets, end of year	\$331,391	\$1,372,928	\$1,850,747

Mayers Memorial Hospital District
Financial Position

	As of June 30,		
	2007	2006	2005
Assets:			
Current assets			
Cash and equivalents	\$74,100	\$52,496	\$176,293
Patients account receivable, net of allowances	2,980,292	2,530,770	3,151,607
Other receivables	21,392	47,911	38,271
Assets limited as to use - held by trustee	59,422	98,781	142,323
Inventories	393,723	405,944	386,021
Prepaid expenses and deposits	53,183	68,473	48,939
Cash held in trust for others	13,673	12,051	11,063
Estimated third-party payor settlements	-	133,060	89,323
Total current assets	<u>3,595,785</u>	<u>3,349,486</u>	<u>4,043,839</u>
Other assets:			
Assets limited as to use - net	637,170	713,910	690,551
Capital assets - net	4,621,401	5,154,962	5,508,513
Other assets	1,007,909	712,491	766,759
	<u>6,266,480</u>	<u>6,581,363</u>	<u>6,965,823</u>
Total assets	<u><u>\$9,862,265</u></u>	<u><u>\$9,930,849</u></u>	<u><u>\$11,009,662</u></u>
Liabilities and net assets:			
Current liabilities:			
Current maturities of long-term debt and capital lease obligations	\$493,447	\$413,674	\$378,305
Outstanding checks in excess of bank balance	219,823	-	-
Line of credit	996,939	799,349	999,349
Accounts payable	1,193,318	970,268	933,592
Accrued expenses	543,066	573,514	775,507
Cash held in trust for others	13,673	12,051	11,063
Estimated third-party payor settlements	581,809	118,381	70,485
Total current liabilities	<u>4,042,075</u>	<u>2,887,237</u>	<u>3,168,301</u>
Deferred compensation - net	67,693	84,186	99,566
Long-term debt and capital lease obligations - net	5,421,106	5,586,498	5,891,048
Total liabilities	<u>9,530,874</u>	<u>8,557,921</u>	<u>9,158,915</u>
Unrestricted net assets:			
Invested in capital assets - net	(596,560)	(32,519)	72,034
Unrestricted net assets	927,951	1,405,447	1,778,713
Total unrestricted net assets	<u>331,391</u>	<u>1,372,928</u>	<u>1,850,747</u>
Total liabilities and net assets	<u><u>\$9,862,265</u></u>	<u><u>\$9,930,849</u></u>	<u><u>\$11,009,662</u></u>

Financial Ratios:

	Proforma (a)			
	<u>FYE June, 2008</u>			
Debt service coverage (x)	0.06	0.06	0.74	1.43
Debt/Unrestricted net assets (x)	6.83	6.37	4.27	0.54
Margin (%)		(6.72)	(2.76)	0.41
Current Ratio (x)		0.89	1.16	1.28

(a) Recalculates 2007 audited results to include the impact of this proposed financing.